

STATE OF INDIANA)
) ss:
COUNTY OF MARION)

IN THE MARION CIRCUIT COURT

CAUSE NO. 49C01-0105-MI-001111

SALLY B. McCARTY, as the Insurance)
Commissioner of the Department of)
Insurance of the State of Indiana,)
)
 Petitioner,)
)
 v.)
)
MAXICARE INDIANA, INC.,)
)
 Respondent.)

FILED

JUL 03 2001

Sara A. Taylor
CLERK OF THE
MARION CIRCUIT COURT

ORDER OF LIQUIDATION

This matter came before the Court upon the Rehabilitator's First Accounting, Petition for An Order of Liquidation and Submittal of Recommended Procedures ("Liquidation Petition") as filed on May 25, 2001, and the Rehabilitator's Supplement To Recommended Procedures As Contained In Liquidation Petition ("**Supplement**") as filed on June **22, 2001**. Written and published notice was given to interested persons as shown by the Rehabilitator's Certificate of Compliance ("Compliance Certificate"), filed on June **21, 2001**.

In accordance with the procedure established in the Court's Order of May **25, 2001**, setting the Liquidation Petition for hearing, the following persons or entities submitted to the Court, prior to the scheduled hearing, their intention to object or appear at the hearing as set forth below:

- Notice Of Intention To Attend Hearing filed, pro se, by Northside Gastroenterology, Inc.;
- Objection To Rehabilitator's First Accounting, Petition For An Order of Liquidation and Submittal Of Recommended Practices filed, by **counsel**, on behalf of Coordinated Care

Corporation of Indiana, Inc., d/b/a Managed Health Services;
and

- Notice Of Intention To Appear At Hearing and Objections To Rehabilitator's First Accounting, Petition For An Order Of Liquidation and Submittal Of Recommended Procedures And To Verified Petition For Payment Of Interim Distribution To Providers as filed, by counsel, on behalf of St. Vincent Hospitals and Health Care Services, Inc. and St. Joseph Hospital and Health Center, Inc.

The hearing on the Liquidation Petition and Supplement was held on June 25, 2001. The Rehabilitator appeared by her Special Deputy Rehabilitator and by counsel and presented evidence, through testimony and exhibits, and argument in support of the various requests made in the Liquidation Petition and Supplement.

With respect to the parties who had previously filed objections or intentions to appear, as referenced above, the following transpired at the hearing:

- A representative of Northside Gastroenterology, Inc., attended the hearing, but neither asserted objections nor presented evidence or argument at the hearing;
- Counsel for Coordinated Care Corporation of Indiana, Inc., d/b/a Managed Health Services, appeared at the hearing and withdrew its objection to the extent of the matters then before the Court, although **reserving** the right to assert the matters raised in its written objection at a latter date in this proceeding, which reserved right was acknowledged by counsel for the Rehabilitator; and
- Counsel for St. Vincent Hospitals and Health Care Services, Inc. and St. Joseph Hospital and Health Center, Inc., appeared at the hearing and indicated that based on discussions with counsel **for** the Rehabilitator he was withdrawing the objections on behalf of his clients as to the matters then before the Court.

During the hearing, Mary Clemens addressed the Court. While Ms. Clemens raised no objections to the matters then before the Court, she indicated that she wished to reserve her rights as to further matters filed in this proceeding. During the hearing, counsel for Clarian Health Partners, Inc., Bedford Regional Medical Center, Inc., and Howard Community Hospital, Inc. requested the opportunity to review the proposed Order of Liquidation, which the Court requested counsel for the Rehabilitator to tender, prior to the Court's ruling thereon, Counsel for the Rehabilitator committed that it would serve a copy of the proposed Orders, by facsimile transmission and U.S. Mail, on all who have filed their appearance in this proceeding on the same date that such proposed Orders are tendered to the Court.

No other person requested to be heard at the hearing nor did anyone at the hearing present any objections, evidence or arguments with respect to the matters then before the Court.

Having considered the Liquidation Petition and the Supplement and the evidence, arguments, statements and matters presented at the hearing and being fully advised, the Court hereby finds that:

1. **Maxicare** is a health maintenance organization formed pursuant to Ind. Code 27-13 and was authorized to engage in business in Indiana. This Court has general jurisdiction under Ind. Code 27-9-1-1, et seq. and 27-13-25-1, et seq., over the rehabilitation and liquidation of Maxicare.

2. The written, published, and other notice to interested persons evidenced by the Certificate of Compliance constitutes the best notice practicable under the circumstances and meets the requirements of due process concerning such notice. Accordingly, this Court has constitutional as well as statutory power to enter an Order of Liquidation that is binding upon all parties and interested persons.

3. The Rehabilitator's First Accounting and the actions taken by the Rehabilitator **with** respect to **Maxicare** to the date of the First Accounting, as reported therein, should be approved.

4. **Maxicare** is insolvent. Further attempts to rehabilitate **Maxicare** would be futile and continued operation of **Maxicare** would be hazardous to its enrollees and the people of Indiana. Sufficient grounds exist under Ind. Code 27-9-3-5, 27-9-3-6, and 27-13-25-2 for the entry of an Order of Liquidation, and such an Order of Liquidation should be entered under Ind. Code 27-9-3-7.

It is, therefore, ORDERED, ADJUDGED and DECREED that:

1. The rehabilitation proceeding concerning **Maxicare** under the Order of Rehabilitator, dated May 4, 2001, is terminated.

2. The Rehabilitator's First Accounting and the actions taken by the Rehabilitator with respect to **Maxicare** to the date of the First Accounting, as reported therein, are hereby approved.

3. Indiana Insurance Commissioner Sally B. McCarty and her successors in office are appointed Liquidator of **Maxicare** under Ind. Code 27-9-3-7, and are hereby bestowed with all powers provided by Ind. Code 27-9. The Liquidator, under the general supervision of this Court, may do all acts necessary or appropriate for the accomplishment of the liquidation of **Maxicare** in accordance with Ind. Code 27-9 and 27-1 3. " "

4. The Liquidator is directed to take possession of the assets of **Maxicare** and to administer them under the supervision of this Court. The Liquidator is directed to exercise any and all rights of **Maxicare** in connection with any collateral or other assets being held for the benefits of **Maxicare** by any person or entity. The Liquidator is vested by operation of law with the title to all of the property, contracts and rights of action, and all of the books and records of **Maxicare**, whenever located.

5. The Liquidator shall file accountings with the Court no less frequently than quarterly, with the next accounting to be filed after the close of the third quarter of 2001.

6. The Liquidator is authorized to employ, or to continue to employ, and to fix the compensation of such special deputies, counsel, agents, clerks, accountants, actuaries, consultants, assistants and other personnel as she considers necessary, and all compensation and expenses of such persons and of taking possession of **Maxicare** and conducting this proceeding shall be paid out of the funds or assets of **Maxicare** as a Class (1) expense under Ind. Code 27-g-3-40.

7. No suit, action, proceeding, or claim at law or in equity of any kind shall be brought, maintained, or further prosecuted or presented on behalf of or in the name of **Maxicare** or its Liquidator without the prior authorization of the Liquidator, except that with respect to such suits, actions, proceedings, and claims at law or in equity which have been initiated previously by **Maxicare's** former Rehabilitator, no **further** authorization by the Liquidator is necessary.

8. No action at law or in equity outside this Court may be brought against **Ma&care**, its Liquidator, its former Rehabilitator, or its assets, whether in Indiana or elsewhere, nor shall any existing actions outside this Court be maintained or further presented against **Maxicare**. The Injunctive Order as entered by the Court on May **22, 2001** in this proceeding is hereby extended to provide to the Liquidator the same injunctive protection and other relief as provided to **Maxicare** and the Rehabilitator. During the Liquidation proceeding the Injunctive Order shall remain in place as to **Maxicare** and the former Rehabilitator, and such injunctive and other relief shall now also extend to the Liquidator throughout the course of the Liquidation proceeding. The other provisions of the **Injunctive** Order as to participating and non-participating providers, as well as all the provisions contained in the Court's June 8, 2001 Order to Enforce Continuation of Benefits, to

Extend Injunctive Order and Other Relief, shall remain in place subject to the specific terms, conditions and/or time limits as set forth in those Orders.

9. The forms of the Notices attached as Exhibit A and B to the Supplement are approved.

10. The Liquidator is directed to mail, by regular first class United States mail, postage prepaid, within twenty (20) days of the date of this Order a copy of the short form Notice (attached as Exhibit A to the Supplement), the more detailed Notice (attached as Exhibit B to the Supplement), a copy of this Order of Liquidation, a copy of the Proof of Claim (attached as Exhibit E to the, Liquidation Petition), and a copy of the Petition for Instructions as to Development and Implementation of Insolvency Plan for **Maxicare** (as filed with the Court on June 22, 2001), to the last known address as indicated in **Maxicare** records or the records of the Liquidator for the following groups of persons:

- a. Former **officers** and directors of Maxicare;
- b. **Maxicare** Health Plans, Inc.;
- c. Reinsurers of Maxicare;
- d. Enrollees and/or **subscribers** of Maxicare;
- e. Employer groups that have contracts with **Maxicare**;
- f. In plan and known out of plan providers of Maxicare;
- g. Parties of record or their counsel in litigation or claims involving Maxicare;
- h. Other known creditors of **Maxicare** and all persons known or reasonably expected to have claims against Maxicare;
- i. All health maintenance organizations licensed in the State of Indiana;

- j. Insurers licensed in Indiana to write Class l(B) or Class 2(A) lines of business;
- k. The Insurance Commissioners or Departments in each state or jurisdiction and the National Association of Insurance Commissioners;
- l. Director of the State of California, Department of Managed Care;
- m. The Indiana Secretary of State;
- n. The Indiana Attorney General's Office;
- o. The Indiana Department of Revenue;
- p. The Marion County Auditor's Office;
- q. The Internal Revenue Service, at both its national and local offices;
- r. The United States Attorney for the Southern District of Indiana;
- s. The Department of Justice; and
- t. All who have filed their appearance in this proceeding.

11. The Liquidator is also directed to cause the form of the Notice (attached as Exhibit A to the Supplement), as modified to delete the references to all enclosures, to be published once in a newspaper of general circulation Indianapolis, Indiana, within fourteen (14) days of the date of this Order.

12. Upon completion of the mailings and publication required by paragraphs 10 and 11 above, the Liquidator shall file with the Court a Certificate of Compliance identifying the groups of persons to whom mailings were made, the dates thereof, the name of the newspaper in which the

publication was made and the date thereof, and the amount of costs incurred in the printing, mailings and publishing.

13. The Court finds that the mailings and publication required by paragraphs 10 and 11 above constitute the best notice practicable under the circumstances of the provisions of the Order of Liquidation and of the rights and duties of the interested persons with respect thereto and meets the requirements of due process concerning such notice.

14. All other recommendations, requests and actions of the Rehabilitator described in Part VI of the Liquidation Petition and Part I of the Supplement are hereby approved, including but not limited to the following.

- A. Approval of the form of the Proof of Claim attached as Exhibit E to the Liquidation Petition and the form of the Claim Settlement Agreement attached as Exhibit F to the Liquidation Petition.
- B. Approval of the general procedure for:
 - (1) the filing of claims against Maxicare;
 - (2) the review of such claims by the Liquidator and the issuance of a Claim Recommendation;
 - (3) the notice to be given to each claimant as to the Claim Recommendation and the right of the claimant to assert a Response within sixty (60) days;
 - (4) the procedure for considering settlement of a claim to which a ~~timely~~ Response has been asserted, subject to Court review and approval;
 - (5) the procedure for Court resolution of disputed claims; and

- (6) the procedure for submittal of claims for Court review and approval and payment of such claims as approved by the Court in accordance with Ind. Code 27-g-3-40;

all as set forth in paragraphs 27 through 33 of the Liquidation Petition, although such **general** claim procedures may hereafter be supplemented by subsequent Orders of this court.

- C. Approval of March 31, 2002 as the "Bar Date" for the filing of claims against the estate of Maxicare, thereby requiring that any person wishing to make a claim of any sort against **Maxicare** (to the extent such claim has not previously been addressed or resolved) shall, by the Bar Date, timely mail a properly executed Proof of Claim, with supporting documentation, **POSTMARKED NO LATER THAN MARCH 31, 2002, to:**

Indiana Insolvency, Inc.
311 W. Washington St., Suite 200
Indianapolis, IN 46204-2787

- D. Approval of the recommended procedure to be following by the Court staff and involved parties as to adversary proceedings, all as set forth in paragraph 34 of the Liquidation Petition.

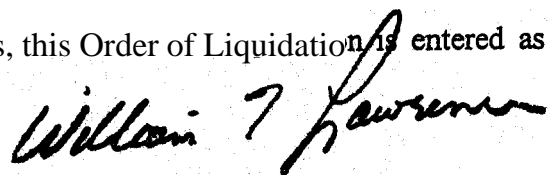
15. The Liquidator is directed to resume the processing of provider claims in order to generate explanation of benefits ("**EOBs**") which shall then be sent to the appropriate providers, which process was suspended by **Maxicare** prior to the Order of Rehabilitation being entered. The resumption of this process shall occur once necessary and appropriate changes are implemented to Maxicare's systems, so that the **EOBs** can be generated without actual payments being issued or reflected in the system. Payments on such provider claims shall be made pursuant to the general claim procedure set forth above which may, hereafter, be supplemented by further Orders of this Court.

16. The Liquidator is directed to maintain for inspection during regular business hours at the office of Indiana Insolvency, Inc., at 311 West Washington Street, Suite 200, Indianapolis, Indiana 46204, a duplicate set of the pleadings, orders, and other documents filed or entered in this proceeding. Any person wishing to obtain copies of pleadings, orders, or other documents, filed or entered in this proceeding shall make his or her request in writing to the Liquidator of **Maxicare** at 311 West Washington Street, Suite 200, Indianapolis, Indiana 46204. **Maxicare** is directed to promptly provide copies of any documents filed in this proceeding, after receiving a written request to make such copies and in exchange for payment at the rate of **\$.50** per page, checks to be made payable to "Maxicare Indiana, Inc., in Liquidation".

17. The Court determines that there is no just reason for delay and, in accordance with Rule **54(B)** of the Indiana Rules of Trial Procedures, this Order of Liquidation is entered as a FINAL JUDGMENT.

JUL 03 2001

Date: _____



Judge, Marion Circuit Court

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STATE OF INDIANA)
)SS:
COUNTY OF MARION)

IN THE MARION CIRCUIT COURT
CAUSE NO. 49C01-0105-MI-001111

SALLY B. MCCARTY, as the
Commissioner of the Department of
Insurance of the State of Indiana,

Petitioner,

v.

MAXICARE INDIANA, INC.,

Respondent.

FILED

JUL 03 2001

Sarah M. Taylor
CLERK OF THE
MARION CIRCUIT COURT

ORDER

On June 22, 2001, Sally B. McCarty, Indiana Insurance Commissioner, as Rehabilitator of **Maxicare** Indiana, Inc. ("Maxicare"), filed a Petition for Instructions as to Development and Implementation of Insolvency Plan for **Maxicare** ("Petition for Instructions"), Having

considered the Petition for Instructions and being fully advised, the Court hereby ORDERS that:

1. On the 17 day of Aug, 2001, commencing at 1:00 9.m. in Room W-506, City-County Building, Indianapolis, Indiana 46204, there will be a hearing before the Court to consider the Petition for Instructions and the relief requested therein. Any person intending to object to the Petition for Instructions or otherwise wishing to appear at the hearing shall file with the Court, by no later than five (5) business days before the hearing, a notice of such intention to object or to appear, together with a detailed statement of the objections and any matters to be presented at the hearing, and shall concurrently furnish a copy of the notice and the

statement to the Rehabilitator's counsel, Donald J. Graham, Bingham Summers Welsh & Spilman LLP, 2700 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204.

2. The Liquidator is directed to cause the Petition for Instructions to be reproduced and mailed, within twenty (20) days from the date that an Order of Liquidation is entered against Maxicare, by regular First Class United States mail, postage prepaid, to the last known address as indicated in Maxicare's records or the records of the Liquidator to the following groups of persons:

- (a) Former officers and directors of Maxicare;
- (b) **Maxicare** Health Plans, Inc.;
- (c) Reinsurers of Maxicare;
- (d) Enrollees and/or subscribers of Maxicare;
- (e) Employer groups that have contracts with Maxicare;
- (f) In plan and known out of plan providers of Maxicare;
- (g) Parties of record or their counsel in litigation or claims involving Maxicare;
- (h) Other known creditors of **Maxicare** and all persons known or reasonably expected to have claims against Maxicare;
- (i) All health maintenance organizations licensed in the State of Indiana;
- (j) Insurers licensed in Indiana to write Class 1(B) or Class 2(A) lines of business;
- (k) The Insurance Commissioners or Departments in each state or jurisdiction and the National Association of Insurance Commissioners;
- (l) Director for the State of California, Department of Managed Care;
- (m) The Indiana Secretary of State;

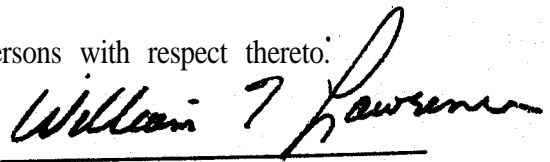
- (n) The Indiana Attorney General's Office;
- (o) The Indiana Department of Revenue;
- (p) The Marion County Auditor's Office;
- (q) The Internal Revenue Service, at both its national and local offices;
- (r) The United States Attorney for the Southern District of Indiana;
- (s) The Department of Justice; and
- (t) All who have filed their appearance in this **proceeding**.

3. The Liquidator is further directed to cause the form of Notice attached as Exhibit A to the Supplement to Recommended Procedures as Contained in Liquidation Petition (filed June 22, 2001), as modified to delete the reference to all enclosures, to be published once in a newspaper of general circulation in Marion County, Indiana, within fourteen (14) days from the date that an Order of Liquidation is entered against Maxicare.

4. Upon completion of the mailings and publications required by paragraphs 2 and 3 above, the Liquidator shall file with the Court a Certificate of Compliance, which identifies the persons to whom mailings were made and the dates thereof and the name of the newspaper in which publication was made and the date thereof.

5. The Court **finds** that the mailings and publications, as set forth above, constitutes the best notice practicable regarding the Petition for Instructions under the circumstances and in consideration of the rights and duties of the interested persons with respect thereto.

Dated: JUL 03 2001


JUDGE, Marion Circuit Court

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